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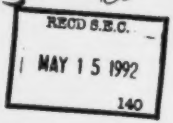


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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

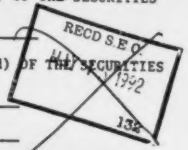
[x] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____




Commission file number 1-7411

ALLCITY INSURANCE COMPANY
(Exact name of registrant as specified in its charter)

| New York | 13-2530665 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 122 Fifth Avenue New York, N.Y. | 10011 |
| (Address of principal executive offices) | (Zip Code) |

(212) 387-3000
(Registrant's telephone number, including area code)

NONE
(Former name, former address and former fiscal year, if changed since last)

PROCESSED BY
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Q-Data Corp. - St. Petersburg, FL

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _____

APPLICABLE ONLY TO ISSUERS INVOLVED
IN BANKRUPTCY PROCEEDINGS DURING
THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
Yes _____ No _____

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 11, 1992.

Common Shares - $1.00 par value - 7,039,500 shares outstanding

ALLCITY INSURANCE COMPANY

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CONSOLIDATED BALANCE SHEETS

ALLCITY INSURANCE COMPANY
(Thousands of dollars
except share amounts)

| ASSETS | March 31, 1992 (Unaudited) | December 31, 1991 |
|---|---|---|
| Investments: | | |
| Fixed maturities, at amortized cost (market value: $140,347 in 1992, $140,543 in 1991) | $139,912 | $135,295 |
| Equity securities at market (cost $12,757 in 1992 and 1991) | 11,473 | 12,061 |
| Short-term investments, at cost, which approximates market | 17,684 | 15,583 |
| TOTAL INVESTMENTS | 169,069 | 162,939 |
| Cash | 1,721 | 2,227 |
| Agents' balances less allowance for doubtful accounts ($946 in 1992, and $943 in 1991) | 19,275 | 15,231 |
| Accrued investment income | 2,677 | 2,903 |
| Reinsurance balances receivable | 155 | 122 |
| Equity in pools and associations | 1,651 | 1,233 |
| Deferred policy acquisition costs | 8,206 | 6,940 |
| Deferred tax benefit | 3,690 | 3,523 |
| Other assets | 3,592 | 1,400 |
| | $210,036 | $196,518 |
| **LIABILITIES** | | |
| Unpaid losses | $ 76,501 | $ 73,251 |
| Unpaid loss adjustment expenses | 11,311 | 10,927 |
| Unearned premiums | 40,220 | 33,698 |
| Reinsurance balances payable | 5,672 | 5,711 |
| Accounts payable and accrued liabilities | 2,456 | 2,217 |
| Drafts payable | 2,149 | 1,813 |
| Due to affiliates | 6,946 | 7,748 |
| Other liabilities | 6,204 | 5,042 |
| Surplus note | 11,646 | 11,513 |
| | 163,105 | 151,920 |
| **CAPITAL** | | |
| Common stock, par value $1.00: 7,368,420 shares authorized; 7,039,500 and 7,037,000 shares issued and outstanding in 1992 and 1991, respectively | 7,039 | 7,037 |
| Additional paid-in capital | 9,311 | 9,310 |
| Unrealized depreciation on equity securities | (1,284) | (696) |
| Retained earnings | 31,865 | 28,947 |
| | 46,931 | 44,598 |
| | $210,036 | $196,518 |

See Notes to Financial Statements

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

ALLCITY INSURANCE COMPANY
(Thousands of Dollars, except share and per share amounts)

| | Three Months Ended March 31 | |
|---|---|---|
| | 1992 | 1991* |
| **REVENUES** | | |
| Premiums earned | $17,088 | $15,245 |
| Net investment income less expenses of $79 in 1992 and $66 in 1991 | 3,058 | 2,826 |
| Net realized gain on investments | 1,400 | 70 |
| Other income | 70 | 31 |
| | 21,616 | 18,172 |
| **LOSSES AND EXPENSES** | | |
| Losses | 11,567 | 10,181 |
| Loss adjustment expenses | 2,145 | 1,692 |
| Other underwriting expenses less deferrals of $4,451 in 1992, $3,824 in 1991 | 892 | 1,643 |
| Amortization of deferred policy acquisition costs | 3,185 | 2,905 |
| Interest on surplus note | 133 | 175 |
| | 17,922 | 16,596 |
| INCOME BEFORE FEDERAL INCOME TAXES | 3,694 | 1,576 |
| FEDERAL INCOME TAXES | 776 | 734 |
| NET INCOME | $ 2,918 | $ 842 |
| Per share data, based on 7,037,417 average Common Shares outstanding in 1992 and 7,020,000 in 1991 assuming no further dilution | $0.41 | $0.12 |

*Reclassified for comparative purposes.

See notes to financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

ALLCITY INSURANCE COMPANY
(Thousands of dollars)

| | Three Months Ended March 31 | |
|---|---|---|
| | 1992 | 1991* |
| NET CASH PROVIDED OR (USED) BY OPERATING ACTIVITIES | | |
| Net income | $ 2,918 | $ 842 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Increase in unpaid losses and loss adjustment expenses | 3,634 | 2,114 |
| Increase in unearned premiums | 6,522 | 5,174 |
| (Decrease) increase in reinsurance balances payable (net of balances receivable) | (72) | 301 |
| Increase in drafts payable | 336 | 16 |
| Increase in deferred policy acquisition costs | (1,266) | (919) |
| Increase in agents' balances | (4,044) | (3,533) |
| Net realized gain on investments | (1,400) | (70) |
| Amortization | 201 | 308 |
| Decrease in due to affiliates | (802) | (2,962) |
| Other items, net | (1,017) | 568 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 5,010 | 1,939 |
| NET CASH (USED) OR PROVIDED BY INVESTING ACTIVITIES | | |
| Acquisition of fixed maturities | (50,383) | (12,046) |
| Proceeds from sale of fixed maturities | 49,489 | 5,590 |
| Proceeds from redemptions of fixed maturities | 6,475 | 11 |
| Net change in short-term investments | (2,101) | 2,327 |
| NET CASH USED BY INVESTING ACTIVITIES | (5,520) | (4,118) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | | |
| Exercised stock options | 4 | |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 4 | |
| NET DECREASE IN CASH | (506) | (2,279) |
| Cash at beginning of year | 2,227 | 4,668 |
| CASH AT THE END OF PERIOD | $ 1,721 | $ 2,389 |

See notes to financial statements.

*Reclassified for comparative purposes.

ALLCITY INSURANCE COMPANY

NOTES TO FINANCIAL STATEMENTS

1. The unaudited interim financial statements, which reflect all adjustments (consisting only of normal recurring items) that management believes necessary to present fairly results of interim operations, should be read in conjunction with the Notes to Financial Statements included in the Company's audited consolidated financial statements for the year ended December 31, 1991, which are included in the Company's Annual Report filed on Form 10-K for such year (the "1991 10-K"). Results of operations for interim periods are not necessarily indicative of annual results of operations. The balance sheet at December 31, 1991 was extracted from the audited annual financial statements and does not include all disclosures required by generally accepted accounting principles for annual financial statements.

2. Claim liabilities (unpaid losses and unpaid loss adjustment expenses) are periodically reviewed. As adjustments of the estimates for such liabilities become necessary, adjustments are reflected in current operations. Liabilities for newly reported losses have generally been provided based upon averages for claims reported within the most recent 12 months; for other unpaid losses, case basis estimates and calculated estimates for incurred but not reported losses are used. Liabilities for unpaid losses are stated net of estimated salvage and subrogation.

3. Statement of Financial Accounting Standard No. 109, " Accounting for Income Taxes", ("SFAS 109") is required to be adopted no later than 1993. The major effect of SFAS 109 on the Company is that upon adoption the benefit of certain temporary differences that will result in deductible amounts in future periods will be recorded as an asset (principally through a credit to income) and, in financial statements issued subsequent thereto, most periods will have a higher provision for income taxes. The Company estimates that if SFAS 109 had been adopted at December 31, 1991, shareholders' equity would have increased by approximately $4,000,000.

Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions", ("SFAS 106") requires companies to accrue the cost of providing certain of such benefits during the employees' period of service. SFAS 106 is required to be adopted no later than 1993. The Company intends to record the aggregate previously unrecorded postretirement liability upon implementation of SFAS 106, rather than amorti. ıg such amount as is permitted. The decrease in shareholders' equity that will be recorded by the Company upon implementation of SFAS 106 is approximately $2,790,000. Adoption of SFAS 106 is not expected to have a material effect on results of operations other than in the year of implementation.

The Company presently intends to implement both SFAS 109 and SFAS 106 in 1992 as a cumulative effect of a change in accounting principles and, accordingly, results of operations for the 1992 reporting periods ended prior to implementation will be restated.

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the 1991 10-K.

First quarter 1992 revenues increased by $3,444,000 over the comparable 1991 period principally as the result of a $1,843,000 increase in earned premiums. The increase in earned premiums is primarily the result of the effect of significant rate increases coupled with increased volume particularly in the assigned risk automobile line of business.

Net investment income for the first quarter of 1992 was approximately $232,000 greater than for the first quarter of 1991. Although interest rates were lower in the first quarter of 1992 when compared with the first quarter of 1991, continued positive cash flow has produced growth in the invested asset base which more than offset the effects of lower interest rates. The realized gains on sales of investments in 1992 stemmed largely from the Company's strategy to utilize available capital loss carryforwards.

Losses incurred for the first quarter of 1992 increased approximately $1,386,000 over the comparable 1991 quarter. This increase is the result of a combination of factors attributable to increased premium volume and claims frequency in the automobile segment. Additionally, increased assessment rates for one New York workers' compensation fund contributed approximately $240,000 of losses incurred to the commercial lines business segment in the first quarter of 1992.

The combination of other underwriting expenses and the amortization of deferred policy acquisition costs decreased $471,000 in the first quarter of 1992 compared to the comparable 1991 period. Although the Company has experienced increased operating, tax and commission expenses associated with increased written premiums, increased deferrals coupled with fees earned as a servicing carrier and through the acquisition of assigned risk business from other insurance carriers have more than offset these increased costs.

Federal income taxes for the first quarter of 1992 reflect the utilization of capital loss carryforwards.

## Part II - Other Information

**Item 6. Exhibits and Reports on Form 8-K**

a) Exhibits - None

b) Reports on Form 8-K

There were no reports on Form 8-K filed for the three months ended March 31, 1992.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ALLCITY INSURANCE COMPANY
(Registrant)

Date May 14, 1992

Robert Iacona
Senior Vice President and Treasurer
(Principal Financial and
Accounting Officer)